

By: King of Parker

H.B. No. 469

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the establishment of incentives by this state for the  
3 implementation of certain projects to capture and sequester in  
4 geological formations carbon dioxide that would otherwise be  
5 emitted into the atmosphere.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. The heading to Subchapter G, Chapter 490,  
8 Government Code, is amended to read as follows:

9 SUBCHAPTER G. CLEAN COAL PROJECTS AND CLEAN ENERGY PROJECTS

10 SECTION 2. Section 490.301, Government Code, is amended to  
11 read as follows:

12 Sec. 490.301. DEFINITIONS [~~DEFINITION~~]. In this  
13 subchapter:

14 (1) "Clean [,"clean] coal project" has the meaning  
15 assigned by Section 5.001, Water Code.

16 (2) "Clean energy project" has the meaning assigned by  
17 Section 120.001, Natural Resources Code.

18 SECTION 3. The heading to Section 490.304, Government Code,  
19 is amended to read as follows:

20 Sec. 490.304. CONTRACTING AUTHORITY RELATED TO  
21 IMPLEMENTING CLEAN COAL PROJECT; FRANCHISE TAX CREDIT.

22 SECTION 4. Subchapter G, Chapter 490, Government Code, is  
23 amended by adding Section 490.305 to read as follows:

24 Sec. 490.305. CONTRACTING AUTHORITY RELATED TO

1 IMPLEMENTING CLEAN ENERGY PROJECT; FRANCHISE TAX CREDIT. (a) The  
2 governor may contract for the state with an organization for a  
3 purpose related to implementing a clean energy project.

4 (b) The governor and the comptroller jointly may adopt  
5 provisions for issuing to the entity with which the governor  
6 contracts under Subsection (a) franchise tax credits to promote  
7 research and development activities related to a clean energy  
8 project in this state. The governor and comptroller must act under  
9 this subsection not later than December 31, 2010. The total amount  
10 of franchise tax credits that may be issued to the entity may not  
11 exceed \$100 million. A franchise tax credit may be issued, in  
12 accordance with the governor's and comptroller's provisions, to the  
13 entity, irrespective of whether the entity owes or pays a franchise  
14 tax under Chapter 171, Tax Code. The entity may assign the tax  
15 credits to a taxable entity, as defined by Section 171.0002, Tax  
16 Code, in accordance with the governor's and comptroller's  
17 provisions.

18 SECTION 5. Subtitle D, Title 3, Natural Resources Code, is  
19 amended by adding Chapter 120 to read as follows:

20 CHAPTER 120. MONITORING OF CARBON DIOXIDE CAPTURED BY CLEAN ENERGY  
21 PROJECT

22 Sec. 120.001. DEFINITION. In this chapter, "clean energy  
23 project" means a project to construct a coal-fired electric  
24 generating facility that will:

- 25 (1) have a capacity of at least 200 megawatts;  
26 (2) use integrated gasification combined cycle  
27 technology; and

1           (3) be capable of capturing and permanently  
2 sequestering in a geologic formation at least 60 percent of the  
3 carbon dioxide resulting from the generation of electricity by the  
4 facility.

5           Sec. 120.002. MONITORING OF SEQUESTERED CARBON DIOXIDE.

6 The Bureau of Economic Geology of The University of Texas at Austin  
7 shall monitor, measure, and verify the permanent status of  
8 sequestered carbon dioxide generated by the first three clean  
9 energy projects with regard to which the governor enters into a  
10 contract under Section 490.305, Government Code.

11           SECTION 6. Section 202.0545, Tax Code, is amended by adding  
12 Subsection (i) to read as follows:

13           (i) Notwithstanding Subsections (a) and (d)(1), the  
14 producer of oil recovered through an enhanced oil recovery project  
15 that uses carbon dioxide that is generated by a clean energy project  
16 as defined by Section 120.001, Natural Resources Code, is entitled  
17 to a tax rate reduction under this section until the later of the  
18 30th anniversary of the date that the producer first claims a tax  
19 rate reduction under this section on a return or the effective date  
20 of a final rule adopted by the United States Environmental  
21 Protection Agency regulating carbon dioxide as a pollutant if:

22           (1) the agency to which the operator applies for a  
23 certification under Subsection (c)(2) finds that, based on  
24 substantial evidence, there is a reasonable expectation that the  
25 operator's planned sequestration program will ensure that at least  
26 60 percent of the carbon dioxide sequestered as required by  
27 Subsection (a)(4) will remain sequestered for at least 500 years;

1 and

2 (2) the producer otherwise qualifies for the tax rate

3 reduction.

4 SECTION 7. This Act takes effect September 1, 2009.